

On Street Supplemental Agreement (OSSA)

Synopsis of Process

INTRODUCTION

tie/Infraco are progressing with an exercise to establish if there is an acceptable alternative to deal with on street works expeditiously and provide a 'Best Value' option for the project. The process adopted follows on from the Princes Street Supplement Agreement (PSSA) and it is the intention to complete a report that will utilise the principles of the PSSA and incorporate lessons learned in order to get the best answer for the project. This process involves establishing a contract credit value and agreement on a set of rates from which to determine demonstrable cost.

Agreement

Work is in progress to reach a legal acceptable agreement to both parties broadly based upon the PSSA.

Rates for Staff/Labour/Plant And Materials

As with Princes Street we require to establish and agree a set of rates applicable to durations and quantities of actual materials supplied in order to demonstrate true and proper cost. The rates are split into categories as follows

1. Staff.

In order to determine the rates in conjunction with Infraco we are employing Ernst and Young as auditors to audit salary records and legal/contractual entitlements. This process will prove the true cost of employment.

2. Labour

Similar process to 1 above

3. Plant

Infraco has submitted a set of rates upon consultation with their sub contractors. Tie has tested the market and used actual information from the PSSA invoices to agree rates.

4. Materials

Similar process as 3 above.

Construction Cost Credit

If the works are based upon payment on demonstrable cost then Infraco require to return a credit for the portion of the Construction Works Price (CWP) affected. Lengthy discussions have taken place with Infraco to establish the amount due for this which will include the tendered contract amount plus all of the deemed allowances covered by the BDDI drawings and other information used to establish the CWP.

Programme

Discussions are ongoing to establish the optimum programme for use in the OSSA.

Risk

Upon conclusion of the establishment of costs going forward and the credit to be paid back an analysis of risk and in particular any risk transfer needs to be understood and incorporated into a final agreement.